Government of Saskatchewan

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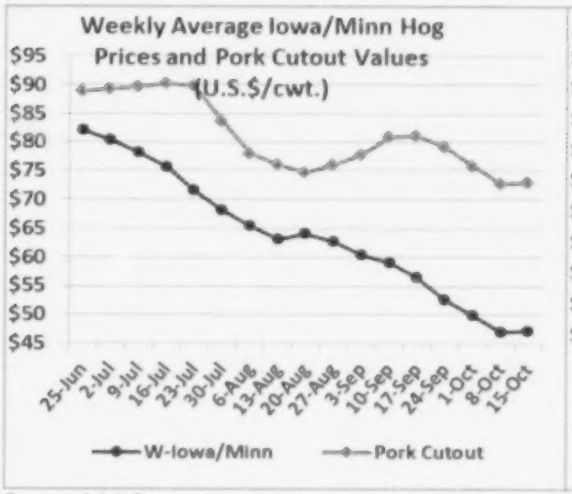
Weekly Hog Report

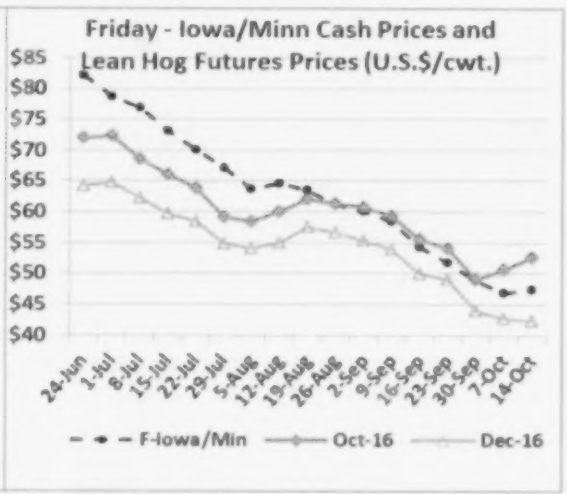
October 17, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were steady last week on lower hog slaughter numbers to end the week slightly higher, week-over-week. Hog prices on Friday October 14 averaged US$47.27 per cwt, up US$0.50 per cwt from US$46.77 per cwt the previous Friday. The negotiated weekly base price last week averaged US$47.11 per cwt, up slightly (US$0.17 per cwt) from US$46.94 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

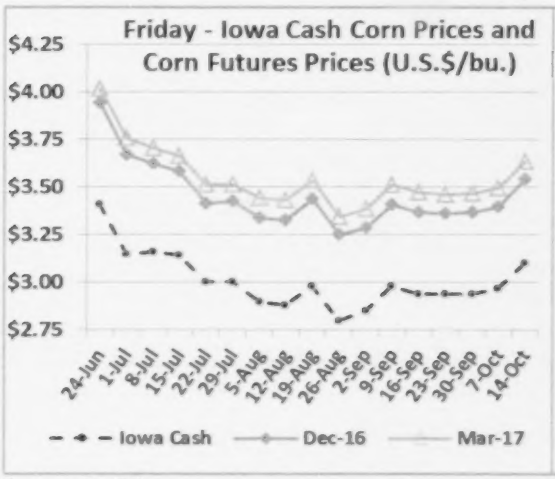
In Canada, the new contract Signature#5 (Maple Leaf) Index 100 daily price for Friday October 7, 2016 was $122.08 per ckg, down slightly ($0.58 per ckg) from $122.66 per ckg from the Signature#5 price the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $122.39 per ckg, down $1.96 per ckg or 1.6 per cent from the previous weeks' average price of $124.35 per ckg. The Canadian dollar moved higher last week to close Friday at 76.07 cents, up 0.80 cents from 75.27 cents the previous Friday.

Futures Markets

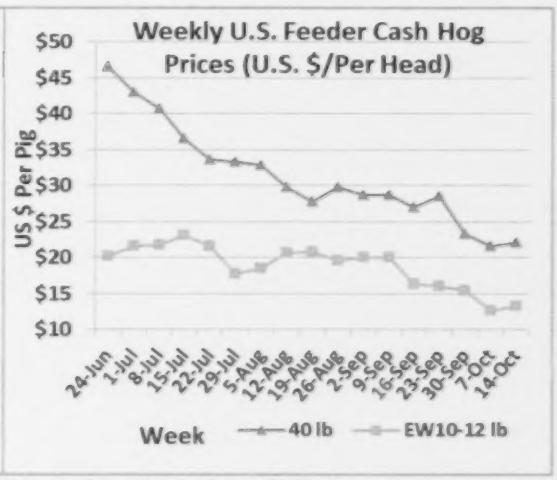
United States lean hog futures daily prices were mixed over the week but ended primarily higher week-over-week, except the December contract. The nearby October contract increased US$1.925 per cwt to settle Friday at US$52.600 per cwt, while the December contract declined US$0.375 per cwt to settle Friday at US$42.225 per cwt. The February and April lean hog futures contracts increased by about US$1 per cwt last week.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices edged higher last week. Weighted average cash prices for iso-weans (12lb) last week were US$13.30 per head, up US$0.58 per head from US$12.72 per head the previous week. Feeders (40lb) averaged US$22.11 per head, up US$0.59 per head from US$21.52 per head, the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

U.S. corn prices were higher last week. Iowa cash corn prices increased 13 cents over the week to settle Friday at US$3.10 per bushel. Daily U.S. corn futures prices were mixed but primarily higher last week with big gains on Thursday to help prices moved higher, week-over-week. The December 2016 corn futures contract increased over 14 cents to settle Friday at 3.54 ¼ per bushel, while the March 2017 corn contract increased over 14 cents per bushel to settle Friday at US$3.63 ¾ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending October 15 were estimated at 2.304 million head, down 4.9 per cent from 2.422 million head the previous week, and down 0.6 per cent from 2.319 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending October 15 averaged 2.413 million head per week, up 5.3 per cent from 2.291 million head the same period a year ago.

Meat Production

U.S. pork production for the week ending October 15, 2016 was estimated at 482.9 million lb.; down 4.7 per cent from 506.9 million lb. the previous week, and down 1.7 per cent from 491.1 million lb. the same week a year ago. Pork production over the last four week's ending October 15 was estimated to average 505.7 million lb., up 4.8 per cent from 482.7 million lb. over the same four week period a year ago.

U.S. beef production for the week ending October 15 was estimated at 502.8 million lb., down 0.5 per cent from 505.1 million lb. the previous week, but up 3.2 per cent from 487.3 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending October 8, 2016, was estimated to average 2.157 billion lb., up 3.4 per cent from 2.087 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.6 per cent compared to the same period in 2015.

United States Weekly Meat Production

(Oct. 8) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	479.8	508.9	6.1%	0.8%
Beef	482.2	507.3	5.2%	4.9%
Chicken	1,002.4	1,010.4	0.8%	2.1%
Turkey	123.0	130.7	6.2%	5.5%
Total	**2,087.4**	**2,157.3**	**3.35%**	**2.63%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending October 15, 2016 averaged US$72.84 per cwt, steady and slightly higher from US$72.76 per cwt the previous week, but down 18.0 per cent from US$88.79 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending October 15, 2016 averaged US$182.43 per cwt over the week, down US$2.29 per cwt or 1.2 per cent from US$184.72 per cwt the previous week, and down 12.9 per cent from US$209.46 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending October 15, 2016 averaged US$119.21 per cwt, down US$1.93 per cwt or 1.6 per cent from US$121.84 per cwt the previous week, but up 9.1 per cent from US$109.95 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On October 12, the USDA released the October World Agricultural Supply and Demand Estimates (WASDE). U.S corn yield for 2016/17 was reduced by one bushel per acre from 174.4 bushels per acre from the September estimates to 173.4 bushels per acre in the October estimates. Total corn production estimates for October were reduced 36 million bushels to 15.057 billion bushels. Exports were increased by 50 million bushels helping to reduce ending stocks by 64 million bushels (-2.7 per cent) to 2.320 billion bushels. U.S. corn price estimates were increased by five cents per bushel to range from US$2.95 to US$3.55 per bushel.

The October USDA WASDE report revised the 2016 United States Red Meat and Poultry production slightly lower to 97.552 billion lb. from the September estimates. United States meat production for 2016 are estimated to be 3.1 per cent higher compared to 2015. Leading the way in meat production increases in 2016 (by percent) are projected to come from turkey (+7.7%) and beef (+5.3%), followed by broilers (+1.7%) and pork (+1.7%). Beef production estimates for 2016 are estimated at 24.967 billion lb. in October, up slightly from the September estimates.

U.S. Red Meat and Poultry production for 2017 is expected to further increase by an estimated 2.7 billion lb. or 2.8 per cent to 100.2 billion lb.; compared to current 2016 meat production estimates. Pork production increases in 2017 (+3.8 per cent) are expected to lead the way followed by beef (+3.7 per cent) and broilers (+2.2 per cent). (Source: USDA WASDE)

USDA October World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,698**	**24,501**	**40,048**	**5,627**	**94,630**
% Chg.	**2014-2015**	**-2.28%**	**7.26%**	**3.89%**	**-2.24%**	**2.67%**
2016	September	24,942	24,892	40,902	6,060	97,610
2016	**Oct. Proj.**	**24,967**	**24,912**	**40,742**	**6,060**	**97,552**
% Chg.	Sept.-Oct./16	0.10%	0.08%	-0.39%	0.00%	**-0.06%**
% Chg.	**2015-2016**	**5.35%**	**1.68%**	**1.73%**	**7.70%**	**3.09%**
2017	**Sept. Proj.**	**25,880**	**25,865**	**41,650**	**6,135**	**100,241**
% Chg.	**2016-2017**	**3.66%**	**3.83%**	**2.23%**	**1.24%**	**2.76%**

Source: USDA October WASDE Report, October 12, 2016

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